



The Keep Innovation in America Act

House Financial Services Committee

Chairman Patrick McHenry

Top Line

- The Keep Innovation in America Act is the bipartisan solution to the Infrastructure Investment and Jobs Act's poorly constructed digital asset reporting requirements.
- Without this legislative fix, these requirements will have long-lasting and harmful impacts to deploying the next generation of internet technology.

Why do we need a “fix” to Section 80603 of the Infrastructure Investment and Jobs Act?

- The Infrastructure Investment and Jobs Act, now law, includes digital asset reporting requirements that threaten to push innovators overseas and raise privacy concerns for law-abiding citizens.
- Specifically, Section 80603:
 - Expands the definition of a “broker” to capture more digital asset entities for tax reporting that were not meant to be captured.
 - For example: Miners and validators, hardware and software developers, and protocol developers are not true brokers and do not collect or have reason to collect this information.
 - Expands the definition of “cash” for reporting purposes to include “any digital asset,” requiring large transactions to be reported, raising privacy concerns.
 - Delegates broad authority to the Department of Treasury to amend the definition of a “digital asset,” which will have long-lasting and potentially harmful implications.
- **Bottom line:** Section 80603 does not work in the current digital asset ecosystem. Consistent information reporting on digital asset transactions is necessary. However, regulations must match the technology to ensure it does not stifle entrepreneurship, innovation, or impede privacy rights.

How does the Keep Innovation in America Act fix the problems with Section 80603?

- The bipartisan, Keep Innovation in America Act, will:
 - Define “broker” to ensure only those who are actually in the business of brokering are required to report.
 - Clarify what information should be captured by a “broker” when transferring a digital asset to an account maintained by a non-broker.
 - Clarify Congressional intent in defining “digital asset.”
 - Study the impact of expanding the definition of cash for reporting purposes.
- **Bottom line:** The Keep Innovation in America Act is the bipartisan fix to ensure digital asset reporting requirements under current law match the technology's operation. Congress must continue to work to bring legal and regulatory certainty to ensure these technologies and entrepreneurs continue to flourish here in the U.S.